The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

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CDM Executive Board
c/o UNFCCC Secretariat
P.O. Box 260124
D-53153 Bonn
Germany

Subject: Inputs on draft guidelines on standardized approaches for determining baselines for measure(s) in response to the EB call for public inputs at its 68th meeting.

Honorable Members of the CDM Executive Board,

We welcome the opportunity to contribute to the discussion regarding standardized approaches for determining baselines for measure(s) presented in the draft guidelines at the 68th meeting of CDM Executive Board.

We appreciate the EB initiative for promoting uniform procedures for baseline determination in CDM methodologies. However, the title of the document may lead to the impression that the document covers concepts related to standardized baselines using elements such as default values, performance standards etc. Therefore, appropriate revision to the title will be useful. It will be also helpful to clarify if the guidelines are applicable to both large scale and small scale methodologies.

The specific inputs on the draft guidelines are summarized below:

1. **Increase in consumption of output (Para 17).** The draft guidelines suggest forming a *control group* for project activities of distributed nature to account for output increase due to perverse incentives caused by CERs. The identification of control group that has spatial and temporal relevance to a project or program. This approach is also not relevant when the increase in output is linked to change in socio-economic factors. Therefore, it is appropriate to consider suppressed demand (ex-ante) in such cases for establishing appropriate baselines.

   Also, a certain percentage increase in output should be allowed without need for establishment of a separate baseline.

2. **Technical lifetime of equipment (Para 19).** The draft guidelines do not have information on how to establish/update baseline if the equipment is required to be replaced within the crediting period (say in year 3 or 5) due to improved technology availability; and how to assess the future investment if no information on future technology options are

known ex-ante. The guidelines should also allow for baseline update without reassessing the additionality and project registration status.

3. **Additionality of emission reductions (Para 20).** The guidelines introduce new definition for "additionality of emission reductions". It is not clear if this is introduced to specify that baseline establishment using guidelines automatically addresses the project additionality and hence there is no need to use a separate additionality tool. If not, the relevance of the para 20 is not well understood. Moreover, it is not possible to align the project decisions and changes to the project during implementation to the consumer behavior which is outside the control of the project entities.

4. **Applicable investment scenario (Sub-step 5.1):** It will be useful to elaborate guidance on the identification of baseline for project's implementation under a policy support/implementation scenario. Also, there appears to be an overlap between Investment scenario (a) and (d) that needs to be clarified.

5. **Updating autonomous improvements in the sector (Para 25):** Any use and update of an autonomous improvements in the sector (technology) should be allowed at an interval of three years as against proposed one year as it would be costly to implement this measure and it is also difficult to anticipate rapid technology advancement. Also, the criteria for application of autonomous improvements need to be defined based on the history of technology improvements prior to the project. The influence of economic and financial barriers should be recognized in such "automatic" adjustments of the baseline.

6. **Baseline for an investments under specific environment:** Baseline identification under a scenario i) where no investment would have taken place in the absence of policy support (e.g. providing subsidy for the technology) or ii) where an investment is made under transmission/grid constrained situation (i.e. in a situation where consideration of grid emission factor as baseline may not be appropriate) needs to be covered.

7. **Baseline with potential adoption of better fuels in future:** The guidelines should also cover baseline identification in situations where fuel switch happens during the crediting period (ex-post) without change of technology i.e. using a technology that allows use of multiple fuels with minor changes to equipment (for e.g. change of burner of a boiler).

With kind regards,

Rama Chandra Reddy
Acting Team Leader Policy and Methodology
Carbon Finance Unit, World Bank